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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

Minerals Inspection Report

Report Date: 07/18/2016

Reviewed

[Signature]

Mine Name: Cottonwood Mine	Permit Number: M/47/0064	Mine Status: Inactive
Operator Name: American Gilsonite Corp.	Inspection Date: 10/04/2016	Permit Fees: Paid
Inspector(s): A. Abate	Inspection Time: 1:00 PM	Bond Amount: \$130,000
Attendee(s): Jonathan, company	Weather: Clear 60F	Bond Escalation: 11/17/2006
Inspection Purpose: Annual inspection		Prior Inspection:

Conclusions and Recommendations

The mine is currently inactive. American Gilsonite acquired the lease several years ago and has mined it infrequently. It is recommended that this operation be incorporated into the Bonanza permit M/47/0010 by including a new map showing this operation and posting a rider to the surety bond for Bonanza.

Elements of Inspection	Evaluated & Commented	Enforcement
1. <i>Permits, Revisions, Transfer, Bonds</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
The Cottonwood project is on BLM land. Originally 5 shafts were planned, only 3 have been developed.		
2. <i>Public Safety (shafts, adits, trash, signs, highwalls)</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
No public safety issues were noted. The head frames, shafts and associated facilities are well maintained.		
3. <i>Protection of Drainages/Erosion Control</i>	<input type="checkbox"/>	<input type="checkbox"/>
4. <i>Deleterious Material</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Fuel tanks were housed in concrete secondary containment. Minor amounts of rainwater was noted in the structures with some sheen but the structures were holding and there was no evidence of any leakage.		
5. <i>Roads (maintenance, surfacing, dust control, safety)</i>	<input type="checkbox"/>	<input type="checkbox"/>
6. <i>Reclamation</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
No reclamation is currently occurring		
7. <i>Backfilling/Grading (trenches, pits, roads, highwalls, shafts)</i>	<input type="checkbox"/>	<input type="checkbox"/>
8. <i>Soils</i>	<input type="checkbox"/>	<input type="checkbox"/>
9. <i>Revegetation</i>	<input type="checkbox"/>	<input type="checkbox"/>
10. <i>Other</i>	<input type="checkbox"/>	<input type="checkbox"/>

Inspector's Signature:

[Signature]

CC:

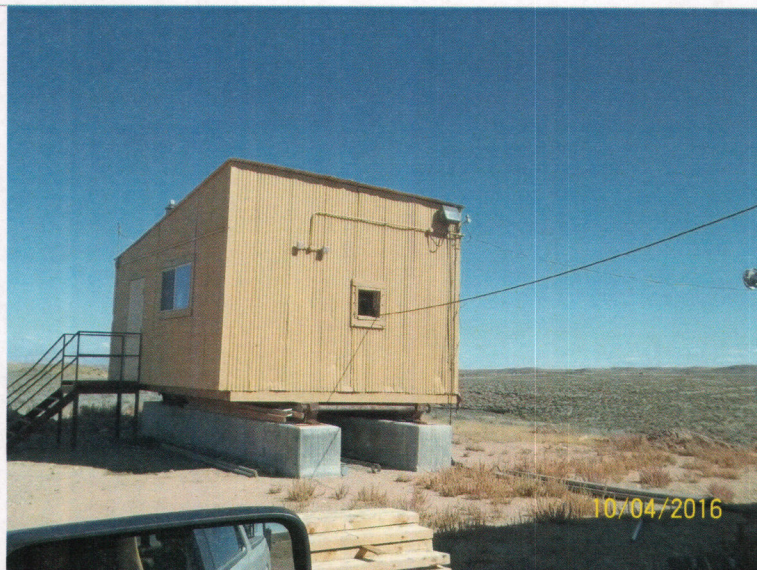
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Cottonwood #2 - furthest to the west



Bins on Cottonwood #2



New hoist house added recently



Minor amounts of standing water were in the secondary containment structures.